

**CONSUMER PROTECTION DIVISION,
OFFICE OF THE ATTORNEY GENERAL**

200 St. Paul Place, 16th Floor
Baltimore, Maryland 21202,

Proponent,

v.

NATIONAL TAX EXPERTS, INC.

1 Sansome St., Ste 3500
San Francisco CA 94104,

PATRICK OAKES,

1 Sansome St., Ste 3500
San Francisco CA 94104,

Respondents.

IN THE CONSUMER

PROTECTION DIVISION,

OFFICE OF

THE ATTORNEY GENERAL

OF MARYLAND

CPD Case No. 21-006-335248

Office of the Attorney General
Consumer Protection Division

FILED

MAR 8 2021

ADMINISTRATIVE HEARING PROCESS

STATEMENT OF CHARGES

1. The Consumer Protection Division of the Office of the Attorney General of Maryland (the "Proponent") institutes this proceeding on behalf of the State of Maryland to enjoin National Tax Experts, Inc. and Patrick Oakes (collectively, the "Respondents") from engaging in unfair or deceptive trade practices in the course of offering and selling consumer services to Maryland consumers, to obtain relief for Maryland consumers victimized by Respondents' unfair or deceptive trade practices, and to obtain such other relief as may be appropriate.

2. Respondents have violated Maryland law in connection with the sale or offer for sale of tax debt relief services to Maryland consumers, including sending deceptive marketing mail, not providing promised services, charging consumers prohibited advance fees, engaging in credit services business activities without being duly licensed by the State of Maryland, engaging in debt settlement services without being properly registered with the State of

Maryland, and engaging in various other activities that constitute unfair or deceptive trade practices and are prohibited under Maryland law, as described herein.

THE PARTIES

3. The Proponent in this proceeding is the Consumer Protection Division of the Office of the Attorney General of Maryland. This proceeding is brought by the Proponent to redress past and present violations and to prevent future violations by the Respondents of the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol, 2020 Supp.) (the “CPA”), the Maryland Credit Services Businesses Act, Md. Code Ann., Com. Law §§ 14-1901 through 14-1916 (2013 Repl. Vol, 2020 Supp.) (the “MCSBA”), and the Maryland Debt Settlement Services Act, Md. Code Ann., Fin. Inst. §§ 12-1001 through 12-1017 (2013 Repl. Vol, 2020 Supp.) (the “MDSSA”), in connection with the offer and sale of tax debt relief services.

4. Respondent National Tax Experts, Inc. (“NTE”) is a corporation organized under the laws of the State of California that lists the address for its principal office as 1 Sansome St., Ste 3500, San Francisco CA 941045. Although NTE is not registered to do business in Maryland, NTE has advertised, marketed, and sold services that provide, or purport to provide, research, counseling, advice, management, and assistance to consumers seeking relief related to unpaid federal or state taxes (“tax debt relief services”) throughout the United States, including to Maryland consumers.¹

5. Respondent Patrick Oakes resides in California and is the sole owner of NTE. At all times relevant to the allegations set forth herein, Respondent Oakes directed, oversaw,

¹ Hereinafter, any reference to “consumers” always includes Maryland consumers, regardless of whether “Maryland” is specified.

and managed the business activities of NTE. Respondent Oakes directly participated in or had the authority to control the activities of NTE described herein and had knowledge of these activities. As such, Mr. Oakes is jointly and severally liable with NTE for the acts and practices described herein.

STATEMENT OF FACTS

Respondents' Deceptive Advertisements

6. Since at least 2017, Respondents have advertised, offered for sale, and sold NTE's tax debt relief services that, in exchange for the payment of up-front and other fees, purport to assist consumers in significantly reducing tax liabilities with the United States Internal Revenue Service ("IRS") and the State of Maryland's tax authority. Respondents have promoted NTE's tax debt relief services to consumers using a variety of media, including direct mail, television, radio, direct telephone calls, and an internet website.

7. On their website, Respondents claim that NTE offers "the best tax defense against the IRS or state auditors" and has the goal of "achieving a favorable tax debt settlement" by negotiating "directly with the IRS to acquire the lowest settlement possible and, if needed, an affordable IRS payment plan" See <http://nattaxexperts.com/about-us/> (last visited March 5, 2021). Respondents also represents that NTE can "help you through audits, help you reduce your tax debt, and prevent wage garnishments bank levies [sic] from occurring" and represents that consumers "should be able to settle tax debts for a much lower sum than what was originally owed." See <http://nattaxexperts.com> (last visited March 5, 2021). The website also claims that NTE has achieved "90% average debt reduction." See <http://nattaxexperts.com>. The website contains a toll-free number for consumers to call to obtain a "free initial consultation with one of our tax debt relief consultants." *Id.*

8. Respondents analyze court records to determine the names and addresses of individuals who owe a tax lien to the IRS or state taxing authority and mail those consumers an unsolicited advertisement for NTE's services. Respondents' advertisements make claims that appear to be from a state court or another government agency. For instance, in one advertisement Respondents mailed to thousands of consumers, Respondents include large font at the top of the page stating:

**Bank Account
Seizure Warranted**

9. The advertisement warns that the consumer's "Bank Account, Property, and other Assets are now Warranted for Seizure" and threatens that the consumer "MUST address" their tax debt "before [their] Bank Account and other Assets are Seized." It also claims that failure to pay the tax lien in full may result in "additional fees, interest, and penalties" and "additional proceedings including the above-mentioned Bank Account Seizure."

10. The envelope used to deliver the direct mail advertisements to some consumers, included a return address that made the mailing appear to have been sent by a local court:

**Notice of Active Warrant/Tax Lien
Bank Account and Asset Seizure Warning
Anne Arundel County Court House
Maryland**

11. Although the advertisement contains a toll-free number and the warning "Do Not Delay," it does not include any reference to National Tax Experts or statements offering the free consultation referenced on Respondents' website, explaining the services to be provided, or discussing who would be providing the services, other than a small-print statement at the bottom of the page:

~~The Tax Group is a firm that will relentlessly fight the Taxing Agency on your behalf. We are not the IRS or any governmental taxing agency.~~

Instead, the mailing is intended to give consumers the false impression that unless they call immediately, immediate legal action will be taken against their assets.

12. Respondents have sent other advertisements to consumers that contained similar representations about the immediate need for consumers to call and appear to be from a court or another government agency. Some of these advertisements contain the following statements:

- a. "ADVERSE ACTIONS PENDING!"
- b. "Unless you take action to protect your property, it may be at risk."
- c. "You must respond to this notice."
- d. "We cannot guarantee any protection if you do not take the necessary steps to comply."

13. The net impression that the Respondents' print advertisements leave consumers with is that they are being contacted by a Maryland court or another government agency and that they are facing the imminent seizure of their bank accounts or other government action unless they call a toll-free number, (that unbeknownst to consumers, connects them to NTE) so that Respondents could offer and sell tax debt relief services to those consumers.

14. Despite their representations, Respondents have no specific knowledge about the imminence of any bank seizure or other government action against any individual consumer, and Respondents are neither a court nor other government agency, nor do Respondents act on behalf of any court or other government agency.

15. Respondents failed to disclose that consumers are not being contacted by a Maryland court or other government agency and failed to disclose that Respondents have no

knowledge related to bank account seizures or other government action related to a tax debt that may or may not be taken against those consumers.

16. Since 2017, Respondents have mailed at least 1,933 deceptive advertisements to Maryland consumers and has obtained at least 135 Maryland consumers as clients as a result of its deceptive direct mail advertisements and other advertising methods.

Respondents' Failure to Perform Promised Tax Debt Relief Services

17. During consumers' initial phone calls with NTE, consumers are told by Respondents' employees or agents that NTE will assist the consumer in obtaining a settlement or compromise of their tax debt.

18. After the initial call, consumers receive emails containing various documents for them to complete and sign, including a services agreement, credit card authorization form, and power of attorney. The services agreement lists the services to be performed and includes the preparation, filing, and/or negotiations of a "tax compliant petition," as well as other services, in exchange for upfront payments to be made before the services are completed, with the caveat that more payment may be needed at future dates.

19. Consumers who have been charged for Respondents' tax debt relief services often have not received the promised services or results years after retaining NTE.

20. Instead, Respondents provide only a series of excuses as to why they have not made progress in reducing the consumers' tax liabilities.

21. On many occasions, Respondents simply ignore or fail to respond to consumers' requests for information and a status about their case.

22. Despite the Respondents' representations that they can help consumers resolve their tax debts, most consumers that engage NTE to obtain tax debt relief services only receive,

at most, an installment agreement. Installment agreements, also known as payment plans, typically require consumers to pay the full amount of their tax debts but enable consumers to make smaller monthly payments until their entire tax debt is satisfied.

23. Installment agreements are generally available for consumers to arrange for themselves and can be easily obtained without having to hire a third-party service provider like NTE. Indeed, when some consumers who hired NTE received no work in exchange for their upfront payments and NTE failed to respond to repeated requests for information, the consumers took their own initiative to obtain installment agreements for themselves.

24. When consumers request refunds from the Respondents, NTE typically refuses to return consumers' money or ignores the request completely. In rare instances, NTE provides partial refunds to consumers who repeatedly and adamantly request them.

25. Respondents failed to disclose that they were either unwilling or unable to provide the tax debt relief services that they offered to consumers within a reasonable time.

26. At all times pertinent hereto, Respondent Oakes participated in the unfair and deceptive trade practices of NTE. Respondent Oakes possessed and exercised the authority to control the policies and trade practices of NTE. Respondent Oakes is responsible for creating, implementing, and committing the unfair or deceptive policies and trade practices that are described herein, and Respondent Oakes knew or should have known of the unfair and deceptive trade practices that are described herein and had the power to stop them, but rather than stopping them, promoted their use.

Respondents' Failure to Comply with the Maryland Credit Services Business Act

27. Companies offering tax debt relief services to consumers in Maryland satisfy the definition of a “credit services business” under the MCSBA and are thus subject to licensing and other requirements under the MCSBA.

28. Pursuant to the MCSBA, a “credit services business” is defined, in part, as a “person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide or perform, any of the following services in return for the payment of money or other valuable consideration: obtaining an extension of credit for a consumer; or providing advice or assistance to a consumer with regard to obtaining an extension of credit for the consumer.” Com. Law § 14-1901(e)(1)(ii). The MCSBA defines “extension of credit” as “the right to defer payment of debt or to incur debt and defer its payment, offered or granted primarily for personal, family, or household purposes.” Com. Law § 14-1901(f).

29. The tax debt relief services that Respondents offer, sell, or provide to consumers, or which they represent that they will offer, sell, or provide, are for personal, family or household uses.

30. The Respondents’ tax debt relief services are designed to provide advice or assistance in obtaining a deferment or forbearance of consumers’ tax debt. Respondents thereby provides advice or assistance to consumers in obtaining an “extension of credit,” as defined under the MCSBA, in exchange for the payment of money or other valuable consideration. *See* Com. Law § 14-1901(e)(1)(ii) and (f). Thus, NTE is a credit services business covered by the MCSBA. As a result, NTE and its tax debt relief services are subject to regulation under the MCSBA.

31. Respondents fail to comply with numerous provisions of the MCSBA, including the following:

a. NTE is required to be licensed by the Maryland Commissioner of Financial Regulation (the “Commissioner”) as a credit services business prior to offering, selling, or providing their tax debt relief services to consumers in Maryland. *See* Com. Law §14-1903(b). However, NTE has never been licensed by the Commissioner as a credit services business under the MCSBA, and in fact, NTE has never held any type of license issued by the Commissioner.

b. Respondents’ advertisements for tax debt relief services do not clearly and conspicuously state NTE’s license number under the MCSBA or its exemption, as required under Com. Law § 14-1903.1.

c. Prior to entering into contracts with Maryland consumers to provide tax debt relief services, Respondents fail to provide consumers with necessary information statements, as required pursuant to Com. Law §§ 14-1904 and 14-1905 of the MCSBA.

d. Respondents’ form agreements with Maryland consumers fail to include the specific contract provisions and notices required under Com. Law § 14-1906.

e. Respondents have never held or obtained the surety bond required under Com. Law §§ 14-1908 and 14-1909 of the MCSBA.

f. In exchange for the promise to provide tax debt relief services, Respondents collect money from consumers without NTE being duly licensed under the MCSBA, in violation of Com. Law § 14-1902(1).

g. Respondents collect money from consumers prior to fully and completely performing all tax debt relief services that they promise to perform for or on behalf of consumers, in violation of Com. Law § 14-1902(6).

32. Respondents failed to disclose to Maryland consumers that NTE is not duly licensed by the Commissioner as a credit services business under the MCSBA – a license that NTE is required to hold prior to Respondents offering, selling, or providing their tax debt relief services to consumers in Maryland.

Respondents' Failure to Comply with the Maryland Debt Settlement Services Act

33. Companies offering tax debt relief services to consumers in Maryland for a price also fall within the definition of a “debt settlement services provider” under the MDSSA and are thus subject to the registration requirement and other regulation under the MDSSA.

34. Pursuant to the MDSSA, a “debt settlement services provider” is defined as “a person that provides or offers to provide debt settlement services for a consumer regardless of whether the person provides the debt settlement services on a for-profit or not-for-profit basis.” Fin. Inst. § 12-1001(g). In turn, the MDSSA defines “debt settlement services,” as “any service or program represented, directly or by implication, to renegotiate, settle, reduce, or in any way alter the terms of payment or other terms of a debt between a consumer and one or more unsecured creditors or debt collectors, including a reduction in the balance, interest rate, or fees owed by a consumer to an unsecured creditor or debt collector.” Fin. Inst. § 12-1001(d)(1).

35. The tax debt relief services that Respondents offer, sell, or provide to consumers, or which they represent that they will sell or provide, include obtaining a deferment, forbearance, compromise, or settlement of tax liability, or otherwise obtaining more favorable tax debt repayment terms. These tax debt relief services constitute “debt settlement services”

under the MDSSA. See Fin. Inst. § 12-1001(d)(1). Thus, NTE satisfies the definition of a “debt settlement services provider” under the MDSSA (*see* Fin. Inst. § 12-1001(g)), and Respondents’ tax debt relief services are subject to regulation under the MDSSA.

36. Respondents fail to comply with numerous provisions of the MDSSA, including the following:

- a. NTE is required to be registered with the Commissioner prior to offering, providing, or attempting to provide their services to consumers in Maryland (*see* Fin. Inst. §§ 12-1004 and 12-1010(a)). However, Respondents have never registered NTE with the Commissioner as a debt settlement services provider or registered with the Commissioner in any other capacity.
- b. Respondents charge Maryland consumers fees for their debt settlement services even though NTE is not duly registered as debt settlement services provider with the Commissioner, in violation of Fin. Inst. § 12-1010(b).
- c. Respondents charge Maryland consumers fees for debt settlement services prior to obtaining altered terms for consumers, in violation of Fin. Inst. § 12-1010(c).

37. Respondents failed to disclose to Maryland consumers that NTE is not properly registered with the Commissioner as a debt settlement services provider under the MDSSA – a registration must be completed prior to Respondents offering, selling, or providing their tax debt relief services to consumers in Maryland.

Respondents’ Failure to Comply with the Consumer Protection Act

38. Respondents made false or misleading oral or written statements or other representations that have the capacity, tendency, or effect of deceiving or misleading Maryland

consumers, which are unfair or deceptive trade practices pursuant to Com. Law § 13-301(1), by, among other things:

- a. representing that consumers are being contacted by a Maryland court or another government agency when, in fact, they were being contacted by the Respondents;
- b. making threats that consumers will face imminent bank account seizures or other government action when, in fact, Respondents have no specific knowledge about the potential for such action to occur against any individual consumer;
- c. representing, indicating, or implying that they will perform extensive, complex, and meaningful tax debt relief services for consumers when, in fact, Respondents have provided no services or very limited services that consumers could have (and often do) complete for themselves; and
- d. representing to consumers that NTE can lawfully provide tax debt relief services, thereby implying that, among other things, NTE holds all required licenses and has completed all necessary registrations, when in fact NTE cannot legally offer, sell, or provide tax debt relief services to consumers in Maryland, since NTE is not duly licensed by the Commissioner under the MCSBA, and since it is not registered with the Commissioner under the MDSSA.

39. Respondents made representations to Maryland consumers that their tax debt relief services have a sponsorship, approval, use, or benefit which they do not have, thereby constituting unfair or deceptive trade practices pursuant to Com. Law § 13-301(2)(i), by, among other things:

a. representing that their tax debt relief services are sponsored, approved, or offered by a Maryland Court or another governmental agency, when in fact their services are not in any way sponsored or approved by any court in Maryland or other government agency; and

b. representing that consumers will benefit from the Respondents' tax debt relief services through deferred, delayed, or reduced tax liability when, in fact, Respondents frequently do not obtain tax debt relief for consumers.

40. Respondents made representations to Maryland consumers that NTE has a sponsorship, approval, status, affiliation, or connection, which it does not have, thereby constituting unfair or deceptive trade practices pursuant to Com. Law § 13-301(2)(ii), by among other things, impliedly representing that NTE is duly licensed under the MCSBA and registered under the MDSSA and can lawfully provide their tax debt relief services. In fact, NTE has never been licensed by the Commissioner under the MCSBA or registered under the MDSSA.

41. During the course of offering, selling, or providing their tax debt relief services to consumers in Maryland, Respondents failed to state the following material facts that deceived or tended to deceive consumers, thereby constituting unfair or deceptive trade practices pursuant to Com. Law § 13-301(3), by among other things:

a. failing to disclose that consumers are not being contacted by a Maryland court or other government agency;

b. failing to disclose that they have no knowledge related to bank account seizures or other government action related to a tax debt that may be instituted against any specific consumer;

c. failing to disclose that they were either unwilling or unable to provide within a reasonable period of time the tax debt relief services that they offered to consumers; and

d. failing to disclose that NTE is not duly licensed under the MCSBA or properly registered under the MDSSA.

42. The facts that Respondents failed to disclose, if known to consumers, would have been considered by consumers to be important information in deciding whether to call NTE or retain NTE to perform tax debt relief services, and are thus material.

43. Respondents substantially injured consumers by charging them substantial fees for services that were illegal and that the Respondents did not perform.

44. Consumers could not reasonably have known that the Respondents' threats about imminent bank account seizures and other government action were false or lacked any basis, that Respondents' advertisements were not coming from a Maryland court or another government agency, that the Respondents would not provide the promised services, or that Respondents lacked the necessary license or registration, thereby making their offer and sale of tax debt relief services illegal. Accordingly, consumers could not reasonably avoid being injured.

45. Offering and selling consumers tax debt relief services that are illegal and that were not provided does not benefit either consumers or the marketplace.

VIOLATIONS OF THE MCSBA

46. By offering, selling, or providing their tax debt relief services to consumers in Maryland without first being licensed by the Commissioner as a credit services business under the MCSBA, Respondents have engaged in unlicensed credit services business activities, in

violation of Com. Law § 14-1903(b) and Fin. Inst. §§ 11-302, 11-303, and 11-204. Respondents violated these provisions as to every Maryland consumer to whom Respondents offered, sold, or provided their tax debt relief services.

47. By charging and receiving payments from Maryland consumers with whom Respondents entered into agreements without being licensed by the Commissioner under the MCSBA, Respondents violated Com. Law § 14-1902(1) in every instance where they charged or received a payment from Maryland consumers.

48. Respondents violated Com. Law § 14-1902(6) of the MCSBA in every instance where they charged or received any payment from consumers prior to fully and completely performing all of the services that Respondents had agreed to perform for or on behalf of those consumers under their agreements.

49. Respondents made or used false or misleading representations in their offer or sale of tax debt relief services to Maryland consumers, including to each Maryland consumer who entered into an agreement with Respondents for tax debt relief services. Respondents thereby violated Com. Law § 14-1902(4) in every instance where Respondents offered or sold their tax debt relief services to Maryland consumers.

50. Respondents engaged, directly or indirectly, in acts, practices, or a course of business which operated as a deception on Maryland consumers in connection with Respondents' offer or sale of their tax debt relief services. Respondents therefore violated Com. Law § 14-1902(5) of the MCSBA in every instance where they engaged in any of those activities with Maryland consumers.

51. Respondents further violated the MCSBA through the following: in their advertisements for tax debt relief services, Respondents failed to clearly and conspicuously

state their license number under the MCSBA or their exemption, in violation of Com. Law § 14-1903.1; Respondents failed to obtain the requisite surety bond, in violation of Com. Law §§ 14-1908 and 14-1909; Respondents failed to provide consumers with the requisite information statements, in violation of Com. Law §§ 14-1904 and 14-1905; and Respondents failed to include the requisite contractual terms in their agreements with consumers, as required under Com. Law § 14-1906.

52. The agreements that Respondents entered into with Maryland consumers failed to comply with the specific requirements imposed by the MCSBA, and are therefore void pursuant to Com. Law § 14-1907(b).

53. Pursuant to Com. Law § 14-1907(a), if a credit services business breaches its contract with a Maryland consumer, or breaches any of its obligations arising under that contract, any such breach constitutes a per se violation of the MCSBA. Respondents breached contracts with Maryland consumers, and/or breached their obligations arising under those contracts, including, but not limited to by failing to perform the tax debt relief services that they had promised to perform for or on behalf of consumers under the agreements. Thus, pursuant to Com. Law § 14-1907(a), Respondents violated the MCSBA for each Maryland consumer for whom Respondents failed to provide promised services.

54. Each sale by the Respondents of their tax debt relief services also constitutes an unfair or deceptive trade practice under the CPA pursuant to Com. Law § 14-1914(a).

RESPONDENTS' VIOLATIONS OF THE MDSSA

55. By offering, providing, or attempting to provide tax debt relief services to consumers in Maryland without first being duly registered as a debt settlement services provider with the Commissioner, Respondents engaged in prohibited debt settlement services activities.

Respondents' tax debt relief activities with Maryland consumers thus violated Fin. Inst. §§ 12-1004 and 12-1010(a) as to every Maryland consumer to whom Respondents offered or provided their tax debt relief services.

56. By charging Maryland consumers fees for their services without being registered as a debt settlement services provider with the Commissioner, and by charging fees prior to completing the tax debt relief services for consumers, Respondents violated Fin. Inst. § 12-1010(b) and (c) in every instance where they charged or received any payment from Maryland consumers.

57. Respondents made multiple misrepresentations about material aspects of their tax debt relief services to Maryland consumers, including to each Maryland consumer who entered into an agreement with Respondents for tax debt relief services. Respondents thereby violated Fin. Inst. § 12-1011 in every instance where they entered into an agreement with Maryland consumers to provide tax debt relief consumers, and in every other instance where Respondents offered, provided, or attempted to provide tax debt relief services to Maryland consumers.

58. Respondents' agreements with Maryland consumers failed to include the requisite contract terms and disclosures set forth in Fin. Inst. § 12-1012. As such, every agreement that Respondents entered into with Maryland consumers constitutes a separate violation of Fin. Inst. § 12-1012.

59. Each of Respondents' violations of the MDSSA described above also constitutes an unfair or deceptive trade practice under the CPA pursuant to Com. Law § 13-301(14)(xxviii).

RESPONDENTS' VIOLATIONS OF THE CONSUMER PROTECTION ACT

60. The tax debt relief services that Respondents offer and sell to consumers are consumer goods and services pursuant to § 13-101(d)(1) of the CPA because they are used for personal, family or household purposes

61. Respondents are merchants pursuant to CPA. *See* Com. Law § 13-101(g)(1).

62. Respondents have engaged in unfair and deceptive trade practices in connection with the offer or sale of consumer goods or services that are generally prohibited by § 13-303(1) and (2) of the CPA.

Deceptive Trade Practices

63. In their offer or sale of tax debt relief services to Maryland consumers, Respondents engaged in deceptive trade practices prohibited by Com. Law § 13-301(1) by making false or misleading oral or written statements or other representations that had the capacity, tendency, or effect of deceiving or misleading consumers, by, among other things:

a. representing that consumers are being contacted by a Maryland court or another government agency when, in fact, it was NTE that was contacting consumers;

b. representing that that consumers will face imminent bank account seizures or other government action when, in fact, Respondents have no specific knowledge about the potential for such action to occur against any individual consumer;

c. representing, indicating, or implying that they will perform extensive, complex, and meaningful tax debt relief services for consumers when, in fact, Respondents have provided no services or very limited services that consumers could have (and often do) complete for themselves; and

d. impliedly or explicitly representing to consumers that NTE can lawfully provide tax debt relief services, thereby implying that, among other things, it holds all required licenses and has completed all necessary registrations, when in fact NTE cannot legally offer, sell, or provide tax debt relief services to consumers in Maryland, since NTE is not duly licensed by the Commissioner under the MCSBA, and since it is not registered with the Commissioner under the MDSSA.

64. In their offer or sale of tax debt relief services to Maryland consumers, Respondents engaged in deceptive trade practices prohibited by Com. Law § 13-301(2)(i) by making representations that Respondents' tax debt relief services had a sponsorship, approval, use, or benefit which they did not have by, among other things, giving consumers the impression that their tax debt relief services are sponsored, approved or offered by the Maryland courts or another governmental agency, when in fact their services are not in any way sponsored or approved by any court in Maryland or other government agency.

65. In their offer or sale of tax debt relief services to Maryland consumers, Respondents engaged in deceptive trade practices prohibited by Com. Law § 13-301(2)(ii) by making representations that NTE had a sponsorship, approval, status, affiliation, or connection, which they did not have by impliedly representing, through offering services in Maryland, that NTE is duly licensed under the MCSBA and registered under the MDSSA and can lawfully provide their tax debt relief services. In fact, NTE has never been licensed by the Commissioner under the MCSBA or registered under the MDSSA and cannot lawfully provide services in Maryland.

66. In their offer or sale of tax debt relief services to Maryland consumers, Respondents engaged in deceptive trade practices under Com. Law § 13-301(3) by failing to

state material facts that deceived or tended to deceive Maryland consumers by, among other things:

a. failing to disclose that consumers are not being contacted by a Maryland court or other government agency and failing to disclose that they have no knowledge related to the potential prospect for or timing of any specific bank account seizure or other government action related to a tax debt; and

b. failing to disclose that they were either unwilling or unable to provide the tax debt relief services that they offered to consumers within a reasonable period of time and failing to disclose that NTE is not duly licensed as an MCSBA or properly registered under the MDSSA.

67. Pursuant to Com. Law § 14-1914(a) and (b), each of the violations of the MCSBA described herein constitutes an unfair or deceptive trade practice under the CPA, thereby subjecting Respondents to all sanctions and other remedies under the CPA.

68. Similarly, pursuant to Com. Law § 13-301(14)(xxviii), each of the violations of the MDSSA described herein constitutes an unfair or deceptive trade practice under the CPA.

Unfair Trade Practices

69. In their offer or sale of tax debt relief services to Maryland consumers, the Respondents engaged in unfair trade practices, which are prohibited by Com. Law § 13-303.

70. Respondents' illegal offer and sale of tax debt relief services and failure to perform the offered services substantially harmed consumers.

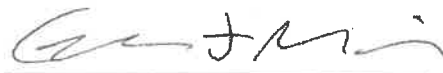
71. Consumers could not reasonably have avoided being injured by the Respondents' unfair practices.

72. The Respondents' illegal conduct is not outweighed by any countervailing benefits to consumers or competition.

WHEREFORE, the Proponent respectfully requests that the Consumer Protection Division issue an Order:

- A. Requiring Respondents to cease and desist from engaging in unfair or deceptive trade practices in violation of the Maryland Consumer Protection Act, the Maryland Credit Services Businesses Act, and the Maryland Debt Settlement Services Act;
- B. Requiring Respondents to take affirmative action, including restitution to Maryland consumers of all moneys that Respondents received in connection with Respondents' unfair or deceptive trade practices and payment of all other economic damages incurred by these consumers in connection with Respondents' unfair or deceptive trade practices;
- C. Requiring Respondents to post a performance bond or other security with the Consumer Protection Division before Respondents sell or offer for sale any goods or services in Maryland;
- D. Requiring Respondents to pay the costs of this action pursuant to Com. Law § 13-409;
- E. Requiring Respondents to pay a civil penalty of up to \$10,000 for each violation of the CPA, pursuant to Com. Law § 13-410(a) and (c);
- F. Holding all Respondents jointly and severally liable for the restitution, penalties, costs, and any other sanctions or required payments arising from or related to this action; and
- G. Granting such other and further relief as is appropriate and necessary.

Respectfully submitted,



Date: March 8, 2021

Christopher J. Madaio
Philip D. Ziperman
Assistant Attorneys General
Consumer Protection Division
Office of the Attorney General of Maryland
200 St. Paul Place, 16th Floor
Baltimore, Maryland 21202
(410) 576-6585

Attorneys for Proponent